

**SINGLE AUDIT REPORT  
UNDER OMB CIRCULAR A-133**

**JEFFERSON COUNTY  
FISCAL COURT  
For The Fiscal Year Ended  
June 30, 2002**



**EDWARD B. HATCHETT, JR.**  
**AUDITOR OF PUBLIC ACCOUNTS**  
[www.kyauditor.net](http://www.kyauditor.net)

144 CAPITOL ANNEX  
FRANKFORT, KY 40601  
TELEPHONE (502) 564-5841  
FACSIMILE (502) 564-2912



## **EXECUTIVE SUMMARY**

### **SINGLE AUDIT REPORT UNDER OMB CIRCULAR A-133 JEFFERSON COUNTY FISCAL COURT**

**For The Fiscal Year Ended  
June 30, 2002**

The Auditor of Public Accounts has completed the Jefferson County Fiscal Court A-133 audit for fiscal year ended June 30, 2002. We have issued an unqualified opinion on the Schedule of Expenditures of Federal Awards. Based upon the audit work performed, the SEFA is presented fairly in all material respects in relation to the basic financial statements taken as a whole. The Single Audit Report is presented in two volumes: The Comprehensive Annual Financial Report (CAFR) and this A-133 report. The CAFR contains basic financial statements and has been issued under separate cover.

#### **Financial Condition:**

Federal awards expended increased over the prior year by \$619,417 to \$24,547,989. Federal grant receipts increased by \$481,519 to \$23,748,054. Grants receivable at June 30, 2002 increased over the prior year by \$784,475 to \$4,644,570.

#### **Report Comments:**

- The Jefferson County Fiscal Court Finance and Administration Department Should Improve Program Modification Procedures
- The Jefferson County Fiscal Court Finance and Administration Department Should Improve General and Application Access Security
- The County Should Have A Written Agreement To Protect Deposits
- Street Sales Drug Buy And Informant Payments Were Improper
- Healthy Start Reports Were Not Submitted Timely

#### **Status of Prior Year Comments:**

Jefferson County has made great progress in correcting prior year deficiencies. Of the eight findings, only one, Healthy Start Reports Were Not Submitted Timely, is repeated herein.



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## INTRODUCTION



JEFFERSON COUNTY  
INTRODUCTION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2002

**Single Audit Report**

The Auditor of Public Accounts (APA) has performed the Single Audit of federal assistance programs for the year ended June 30, 2002.

The APA prepares the Single Audit Report in compliance with Generally Accepted Government Auditing Standards and the requirements of Office of Management and Budget (OMB) Circular A-133. Metro Government, on behalf of Jefferson County, Kentucky, assembled the reporting package as required by OMB Circular A-133. The reporting package includes the basic financial statements, Schedule of Expenditures of Federal Awards (SEFA), auditor's reports, Summary Schedule of Prior Audit Findings, and Schedule of Findings and Questioned Costs. For the fiscal year ended June 30, 2002 (FY 02), the Single Audit Report is presented in two volumes: the Comprehensive Annual Financial Report (CAFR) and the Single Audit Report.

The CAFR, which contains the basic financial statements and the auditor's report thereon, has been issued under separate cover.

The Single Audit Report, the second volume, contains the auditor's report on compliance and internal control over financial reporting based on an audit of financial statements performed in accordance with Government Auditing Standards, the auditor's report on compliance and internal control over compliance with requirements applicable to each major program in accordance with OMB Circular A-133, and the opinion on the Schedule of Expenditures of Federal Awards. The Single Audit Report also contains the SEFA, Schedule of Findings and Questioned Costs, and the Summary Schedule of Prior Audit Findings.

**Schedule of Expenditures of Federal Awards**

The SEFA is organized by federal grantor. The Catalog of Federal Domestic Assistance (CFDA) numbers and program names are listed under the federal grantor administering the program. The notes to the SEFA provide more detailed information on certain aspects of the expenditures.

**Schedule of Findings and Questioned Costs**

The Schedule of Findings and Questioned Costs consists of three (3) sections: Summary of Auditor's Results, Financial Statement Findings, and Federal Award Findings and Questioned Costs. The Summary of Auditor's Results summarizes the type of audit opinion issued and lists major programs audited. The Financial Statement Findings list the audit findings related to the financial statements. The Federal Award Findings and Questioned Costs lists the findings related to federal awards. In both sections, reportable conditions and reportable instances of noncompliance are presented first, then material weaknesses and material instances of noncompliance.

JEFFERSON COUNTY  
INTRODUCTION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2002  
(CONTINUED)

**Summary Schedule of Prior Audit Findings**

Audit findings reported in the Schedule of Findings and Questioned Costs for FY 01, as well as any previous findings that have not been resolved, are reported in the Summary Schedule of Prior Audit Findings for FY 02.

The Summary Schedule of Prior Audit Findings is organized based on whether the prior year finding was applicable to the financial statement audit or the major federal program audit.

REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER  
FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS  
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS





**EDWARD B. HATCHETT, JR.**  
**AUDITOR OF PUBLIC ACCOUNTS**

To the People of Kentucky

Honorable Paul E. Patton, Governor  
Gordon C. Duke, Secretary  
Finance and Administration Cabinet  
Dana Mayton, Secretary, Revenue Cabinet  
Honorable Jerry Abramson, Metro Mayor  
Members of the Louisville Metro Government Council  
Honorable Rebecca Jackson, Former Jefferson County Judge/Executive  
Former Members of the Jefferson County Fiscal Court

**Report On Compliance And On Internal Control Over  
Financial Reporting Based On An Audit Of Financial Statements  
Performed In Accordance With Government Auditing Standards**

We have audited the financial statements of Jefferson County, Kentucky, as of and for the year ended June 30, 2002, and have issued our report thereon dated February 26, 2003. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether Jefferson County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance that are required to be reported under Government Auditing Standards and which are described in the accompanying schedule of findings and questioned costs.

2002-BFS1

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Jefferson County's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting.



Report On Compliance And On Internal Control  
Over Financial Reporting Based On An Audit Of Financial  
Statements Performed In Accordance With Government Auditing Standards  
(Continued)

Internal Control Over Financial Reporting (Continued)

However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect Jefferson County's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements. Reportable conditions are described in the accompanying schedule of findings and questioned costs.

- 2002-EDP1
- 2002-EDP2

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe that none of the reportable conditions described above is a material weakness.

This report is intended solely for the information and use of management, federal awarding agencies, and pass-through entities, and is not intended to be, and should not be, used by anyone other than the specified parties.

Respectfully submitted,



Edward B. Hatchett, Jr.  
Auditor of Public Accounts

Audit fieldwork completed -  
February 26, 2003

REPORT ON COMPLIANCE WITH REQUIREMENTS  
APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER  
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133 AND ON THE  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS





**EDWARD B. HATCHETT, JR.**  
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Former Members of the Jefferson County Fiscal Court

**Report On Compliance With Requirements Applicable To Each  
Major Program And On Internal Control Over Compliance In Accordance With  
OMB Circular A-133 And On The Schedule Of Expenditures Of Federal Awards**

**Compliance**

We have audited the compliance of Jefferson County, Kentucky, with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended June 30, 2002. Jefferson County's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of Jefferson County's management. Our responsibility is to express an opinion on Jefferson County's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Jefferson County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of Jefferson County's compliance with those requirements.



Report On Compliance With Requirements Applicable To Each  
Major Program And On Internal Control Over Compliance In Accordance With  
OMB Circular A-133 and on the Schedule of Expenditures of Federal Awards  
(Continued)

In our opinion, Jefferson County complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2002. However, the results of our auditing procedures disclosed instances of noncompliance with those requirements that are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and questioned costs.

- 2002-FAP1
- 2002-FAP2

Internal Control Over Compliance

The management of Jefferson County is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered Jefferson County's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts, and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

Schedule of Expenditures of Federal Awards

We have audited the basic financial statements of Jefferson County as of and for the year ended June 30, 2002, and have issued our report thereon dated February 26, 2003. Our audit was performed for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and in our opinion is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Report On Compliance With Requirements Applicable To Each  
Major Program And On Internal Control Over Compliance In Accordance With  
OMB Circular A-133 and on the Schedule of Expenditures of Federal Awards  
(Continued)

Schedule of Expenditures of Federal Awards (Continued)

This report is intended solely for the information and use of management and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Ed Hatchett", with a horizontal line extending from the end of the signature.

Edward B. Hatchett, Jr.  
Auditor of Public Accounts

Audit fieldwork completed -  
February 26, 2003



## FINDINGS AND QUESTIONED COSTS



JEFFERSON COUNTY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For The Fiscal Year Ended June 30, 2002

A. SUMMARY OF AUDIT RESULTS

1. The auditor's report expresses an unqualified opinion on the basic financial statements of Jefferson County.
2. Two reportable conditions disclosed during the audit of the financial statements are reported in the Independent Auditor's Report. None of the conditions are reported as material weaknesses.
3. No instances of noncompliance material to the financial statements of Jefferson County were disclosed during the audit.
4. Two reportable conditions disclosed during the audit of the major federal awards programs are reported in the Independent Auditor's Report. The conditions are not reported as material weaknesses.
5. The auditor's report on compliance for the audit of the major federal awards programs for Jefferson County expresses an unqualified opinion.
6. Audit findings relative to the major federal awards programs for Jefferson County are reported in Part C of this schedule.
7. The programs tested as major programs were:

Federal Grantor/Program Title	Federal CFDA Number
U.S. Department of Agriculture	
Special Supplemental Nutrition Program for Women, Infants, and Children (a/k/a WIC)	10.557
U.S. Department of Housing and Urban Development	
Community Development Block Grant	14.218
Shelter Plus Care	14.238
HOME Investment Partnership Program	14.239
U.S. Department of Justice	
Byrne Formula Grant Program (a/k/a Metro Narcotics/Drug Court)	16.579
Public Safety Partnership and Community Policing Grants (COPS)	16.710
U.S. Department of Health & Human Services	
Special Programs for the Aging: Title III, Part C:	
Nutrition Services (a/k/a Nutrition)	93.045
Centers for Disease Control and Prevention Investigations and Technical Assistance	93.283
Healthy Start Initiative	93.926
Preventive Health and Health Services Block Grant	93.991
Maternal and Child Health Services Block Grant	93.994

JEFFERSON COUNTY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
For The Fiscal Year Ended June 30, 2002  
(Continued)

A. SUMMARY OF AUDIT RESULTS (Continued)

8. The threshold for distinguishing Type A and B programs was \$ 719,841.
9. Jefferson County was not determined to be a low-risk auditee.

B. FINDINGS - FINANCIAL STATEMENTS AUDIT

REPORTABLE CONDITIONS

Reference Number 2002-EDP1

1. The Jefferson County Fiscal Court Finance and Administration Department Should Improve Program Modification Procedures

The Finance and Administration Department, Office of Information Services (OIS) within the Jefferson County Fiscal Court (JCFC) has not developed and implemented formalized policies and procedures for control of program modifications.

OIS contracts with an external software vendor to maintain the Financial Accounting System (FAS). Our examination revealed that this vendor has direct access to FAS and related utilities allowing them to change and compile the FAS source code and move the changed object code into production. The vendor's access is controlled through a password protected modem port, but audit trails of the vendor's activity are not available for monitoring that access. Modification procedures accomplished by the vendor could be performed without Finance's knowledge, since the vendor's account activity is not tracked.

Further review revealed that JCFC programmers have access to production programs and data. Though migration of programs into production is supervised, programmer access to production programs and data remains after programs are migrated. Unauthorized modifications to programs or data could occur. Our review also revealed that though procedures are established, no formal policies exist for program modification procedures.

Formalized program modification policies and procedures are needed to ensure consistent procedures are followed for authorization and approval of program changes, development of technical and user documentation, library maintenance and control, user training, testing requirements, tracking of requests, transfer of changes into production, and an audit trail of program changes. These policies and procedures should ensure proper segregation of duties for programmers.

Without formalized controls over program modifications, management increases the risk that incorrect or unauthorized changes could be moved into the live environment and adversely affect system processing results.

JEFFERSON COUNTY  
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
 For The Fiscal Year Ended June 30, 2002  
 (Continued)

Reference Number 2002-EDP1 (Continued)

**Recommendation:**

We recommend that the OIS develop and implement formal written program modification control procedures. The procedures should address the following issues:

- Authorization and approval of changes
- Technical and user documentation
- Library maintenance and control and program transfers
- User training
- Testing requirements
- Tracking of requests and vendor activity

*Former County Judge/Executive Rebecca Jackson's Response:*

*IDI is the vendor and is contracted to make all system modifications.*

*Metro Government Response:*

*Standards are being reviewed for system development and modification procedures. We are migrating several business practices from older applications to new systems. We will continue to do this as our budget allows.*

Reference Number 2002-EDP2

2. The Jefferson County Fiscal Court Finance and Administration Department Should Improve General and Application Access Security

The Finance and Administration Department (Finance) did not develop formal security policies and procedures identifying system administrator and user responsibilities. They did establish a formal Acceptable Use Policy that informs users of their responsibilities, and they followed certain procedures to follow in securing system access based on user needs. However, they did not develop a complete policy identifying other responsibilities concerning the overall security of their various critical systems. Specifically, our review revealed that formal incident handling policies have not been developed and defensive intrusion detection procedures are not conducted on a routine basis. Discussions revealed the lack of intrusion detection procedures resulted primarily from lack of manpower.

Additionally, we noted weaknesses concerning the security procedures for Finance's Financial Accounting System (FAS). Again, formal policies and procedures have not been developed, but Finance did follow certain procedures to secure system access based on user needs. However, the procedures do not allow FAS users to control their own passwords. Instead those passwords are

JEFFERSON COUNTY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
For The Fiscal Year Ended June 30, 2002  
(Continued)

Reference Number 2002-EDP2 (Continued)

distributed and controlled by the FAS security administrator. Further, the passwords are visible in clear text within the FAS application when signed on as the administrator. This allows those passwords to be seen by the administrator and the alternate security administrators. Currently the alternate security administrators include individuals within the Office of Information Services, as well as the JCFC controller. This does not provide adequate control because it allows users to repudiate questionable transactions completed by their system user account.

For general security to be effectively implemented and maintained, written policies and procedures should be developed. This provides the security framework used to educate management and users of their security responsibilities. Further, formalized security policies provide continuity for policy implementation and illustrate management's concern for strong system security. Security policies should include roles and responsibilities of key positions necessary to identify and respond to a computer incident or intrusion from external or internal sources. Finally, security policies and procedures should ensure knowledge of user account passwords is restricted to the actual user and cannot be viewed by other external or internal parties.

Failure to adequately document and communicate security policies could lead to a lack of understanding by management and users that could result in a failure to comply with security policies or failure to perform assigned security responsibilities. This increases the likelihood of unauthorized data or program modification, destruction of assets, and interruption of services. Failure to establish adequate intrusion detection procedures could increase the likelihood that unauthorized access and manipulation or destruction of data could occur and go undetected. Finally, failure to adequately control user account passwords could result in lack of a useable audit trail for transactions.

**Recommendation:**

The Finance and Administration Department should develop detailed written policies to establish standards for system security and procedures to be followed by the security administrator and system users, including formal intrusion detection and incident handling procedures. Additionally, procedures should be devised so that FAS users control their own passwords. FAS users should be provided with an initial password that expires upon their initial login requiring them to change the password immediately. Further, those passwords as well as all system passwords should be set to expire periodically, preferably every 30-45 days. The passwords for all systems and applications should not be displayed in clear text on the screen during sign-on, and should be encrypted within the password files maintained on the system servers.

*Former County Judge/Executive Rebecca Jackson's Response:*

*Have procedures for the system administrator to make security changes. Can be found in the Internal Auditor's office.*

JEFFERSON COUNTY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
For The Fiscal Year Ended June 30, 2002  
(Continued)

Reference Number 2002-EDP2 (Continued)

**Recommendation: (Continued)**

*Metro Government Response:*

*General and Application Access Security is an area of great concern that requires an increasing amount of resources. General security has been addressed through Acceptable Use Policies, but more security polices for applications continues to need improvements. As new applications are developed security is taking a primary role. We will continue to address security concerns within the restraints of our budget.*

NONCOMPLIANCES

Reference Number 2002-BFS1

3. The County Should Have A Written Agreement To Protect Deposits

The county maintained deposits of public funds with depository institutions insured by the Federal Deposit Insurance Corporation (FDIC). According to KRS 66.480(1)(d) and KRS 41.240(4), the depository institution should pledge or provide sufficient collateral which, together with FDIC insurance, equals or exceeds the amount of public funds on deposit at all times. As of June 30, 2002, the county had bank deposits of \$5,132,110; FDIC insurance of \$323,802; and collateral pledged or provided of \$4,808,308. Even though the county obtained sufficient collateral of \$4,808,308, there was no written agreement between the county and the depository institution, signed by both parties, securing the county's interest in the collateral.

**Recommendation:**

We recommend the county enter into a written agreement with the depository institution to secure the county's interest in the collateral pledged or provided by the depository institution. According to federal law, 12 U.S.C.A. § 1823(e), this agreement, in order to be recognized as valid by the FDIC, should be (a) in writing, (b) approved by the board of directors of the depository institution or its loan committee, which approval must be reflected in the minutes of the board or committee, (c) an official record of the depository institution.

*Former County Judge/Executive Rebecca Jackson's Response:*

*Believe overnight repos [sic] are collateralized with written agreements which make up the majority of the government funds.*

*Metro Government Response:*

*Action to implement written agreements with the depository institutions is already under way. It is our intent to have these agreements to secure the County's deposits finalized within the next 60 days. We will be working closely with the officers of our financial institutions to be certain the agreements follow items (a), (b) & (c) as stated in the recommendation of the Auditor of Public Accounts.*

JEFFERSON COUNTY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
For The Fiscal Year Ended June 30, 2002  
(Continued)

C. FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARDS PROGRAM  
AUDIT

Reference Number 2002-FAP1

4. Street Sales Drug Buy And Informant Payments Were Improper

Federal Program: CFDA #16.579 - Metro Narcotics Street Sales Enforcement

Federal Agency: Department of Justice

Pass-Through Agency: Kentucky Department of Justice

Compliance Area: Activities Allowed or Unallowed

Amount of Questioned Costs: Not Applicable

Reimbursement payments made under the Street Sales Federal Award Program to detectives acting in collusion at the Metro Narcotics Unit are questionable. Two undercover detectives with the Metro Narcotics Unit were indicted for falsifying controlled drug buys. Corrupt detectives were found to forge informant signatures, ask informants to sign blank control buy forms, or keep part of the informants' payment. Existing documentation is inadequate to determine the exact amount of questioned costs. Metro Narcotics has implemented changes to make it more difficult for this to occur in the future. Three signatures are now required for controlled buy payments, with a sergeant witnessing twenty-five percent of the payments. In addition, informants are now required to sign-up each year with a sergeant.

**Recommendation:**

We recommend that newly instituted control procedures detailed above be followed and documented.

*Former County Judge/Executive Rebecca Jackson's Response:*

*We are implementing the procedures as proposed.*

*Metro Government Response:*

*All of the newly instituted control procedures detailed in this comment are being followed. They have also been documented and implemented as standard operating procedure.*

JEFFERSON COUNTY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
For The Fiscal Year Ended June 30, 2002  
(Continued)

Reference Number 2002-FAP2

5. Healthy Start Reports Were Not Submitted Timely

Federal Program: CFDA #93.926 - Healthy Start  
Federal Agency: Department of Health and Human Services  
Pass-Through Agency: Not Applicable  
Compliance Area: Reporting  
Amount of Questioned Costs: Not Applicable

Healthy Start Federal Award Program has not submitted its financial reports on a timely basis. Report due dates are determined by the grantor agency and listed in the grant documents. These dates are contractual requirements of the grantee. Healthy Start must meet its requirements in order to ensure that its grant is continued. All required reports should be filed on a timely basis.

**Recommendation:**

We recommend the report be filed within grant guidelines.

*Former County Judge/Executive Rebecca Jackson's Response:*

*Report should be timely this next year. The Health Department has been counseled.*

*Metro Government Response:*

*Procedures have been implemented to assure timely filing of future Healthy Start reports. The Grants Division is currently monitoring the Healthy Start Program to ensure compliance with the filing requirements. The Business Manager in charge of the filing of the reports has been advised of the importance of timely filing of the reports, and has committed himself to filing all future reports on a timely basis.*

*If the situation should occur where the Grants Division sees the possibility that the reports will not be timely filed, they will immediately contact the Chief Financial Officer of the Metro Government and advise of such. The CFO would then resolve any problems with the Health Department Business Manager to make certain that the reports are timely filed.*

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SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

JEFFERSON COUNTY  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For The Fiscal Year Ended June 30, 2002

<u>Grant Title</u>	<u>Grant Identification Number</u>	<u>Federal CFDA Number</u>
<b>U.S. Department of Agriculture:</b>		
Pass Through Programs:		
Kentucky Department of Education:		
National School Lunch Program	056-275-999-6B	10.555
National School Lunch Program	SCN-20	11
Total Kentucky Department of Education		
Kentucky Cabinet for Health Services:		
Department for Public Health:		
State Women, Infants and Children		
(WIC) Nutrition	SJRC	10.557
(WIC) Nutrition	SJRC	10.557
(WIC) Breast Feeding Promotion	SJRE	10.557
(WIC) Breast Feeding Promotion	SJRE	10.557
Total Kentucky Cabinet for Health Services:		
Department for Public Health:		
Kentuckiana Regional Planning and Development		
Agency (KIPDA):		
USDA Commodities	OAS-M-001121037	10.570
USDA Commodities	OAS-M-00119643	10.570
Total Kentuckiana Regional Planning and Development		
Agency (KIPDA)		
<b>Total U.S. Department of Agriculture</b>		

JEFFERSON COUNTY  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
Fiscal Year Ended June 30, 2002  
(Continued)

<u>2002 Federal Grant Award</u>	<u>Receivable (Payable) June 30, 2001</u>	<u>Revenue Received</u>	<u>Grant Match, Contributions and Program Income</u>	<u>Expenditures</u>	<u>Receivable (Payable) June 30, 2002</u>
	\$ 7,256	\$ (72,457) (7,256)	\$ (10)	\$ 87,648	\$ 15,181
	<u>\$ 7,256</u>	<u>\$ (79,713)</u>	<u>\$ (10)</u>	<u>\$ 87,648</u>	<u>\$ 15,181</u>
\$ 1,356,886	\$ 719,827	\$ (959,490) (719,827)	\$ (122,971)	\$ 1,474,760	\$ 392,299
35,000	16,330	(22,069) (16,330)	(93)	45,225	23,063
	<u>\$ 736,157</u>	<u>\$ (1,717,716)</u>	<u>\$ (123,064)</u>	<u>\$ 1,519,985</u>	<u>\$ 415,362</u>
\$ 300,000	\$ 2,653	\$ (183,610) (2,653)	\$ (105,049)	\$ 343,092	\$ 54,433
	<u>\$ 2,653</u>	<u>\$ (186,263)</u>	<u>\$ (105,049)</u>	<u>\$ 343,092</u>	<u>\$ 54,433</u>
	<u>\$ 746,066</u>	<u>\$ (1,983,692)</u>	<u>\$ (228,123)</u>	<u>\$ 1,950,725</u>	<u>\$ 484,976</u>

JEFFERSON COUNTY  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For The Fiscal Year Ended June 30, 2002  
(Continued)

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<u>Grant Title</u>	<u>Grant Identification Number</u>	<u>Federal CFDA Number</u>
<b>U.S. Department of Housing and Urban Development:</b>		
Direct Programs:		
Community Development Block Grant	B-01-UC21-0001	14.218
Community Development Block Grant	B-00-UC21-0001	14.218
Rental Rehabilitation: Program Income		14.218
Emergency Shelter Grant	S-01-UC21-0005	14.231
Emergency Shelter Grant	S-00-UC21-0005	14.231
Transitional Housing	KY-36-B00-1004	14.235
Transitional Housing	KY-36-B97-0206	14.235
Supportive Housing - Homeless Families	KY-36-B90-1012	14.235
Shelter Plus Care III - Seven County Services	KY-36-C90-1001	14.238
Shelter Plus Care III - St. Vincent DePaul	KY-36-C90-1002	14.238
Shelter Plus Care III - Community Health Trust	KY-36-C90-1003	14.238
Shelter Plus Care III - House of Ruth	KY-36-C90-1004	14.238
Shelter Plus Care III - Jefferson St. Baptist Church	KY-36-C90-1005	14.238
Shelter Plus Care I-R	KY-36-C800-001	14.238
Shelter Plus Care I-R	KY-36-C800-002	14.238
Shelter Plus Care I-R	KY-36-C800-003	14.238
Shelter Plus Care II	KY-36-C96-0103	14.238

JEFFERSON COUNTY  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
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<b>2002 Federal Grant Award</b>	<b>Receivable (Payable) June 30, 2001</b>	<b>Revenue Received</b>	<b>Grant Match, Contributions and Program Income</b>	<b>Expenditures</b>	<b>Receivable (Payable) June 30, 2002</b>
\$ 3,172,000	\$ 408,025 (18,624)	\$ (1,258,510) (2,014,031)	\$ (34,490) (77,888)	\$ 1,943,865 1,606,006 40,411	\$ 650,865 (56,101)
	<u>\$ 389,401</u>	<u>\$ (3,272,541)</u>	<u>\$ (112,378)</u>	<u>\$ 3,590,282</u>	<u>\$ 594,764</u>
\$ 112,000	\$ <u></u>	\$ (76,367) (33,900)	\$ <u></u>	\$ 103,790 33,900	\$ 27,423 <u></u>
	<u>\$</u>	<u>\$ (110,267)</u>	<u>\$</u>	<u>\$ 137,690</u>	<u>\$ 27,423</u>
\$ 343,000	\$ <u></u>	\$ (108,400) <u></u>	\$ (68,048) (69,531)	\$ 182,348 69,531	\$ 5,900 <u></u>
198,010	14,556	(65,931)	(15,789)	84,289	17,125
	<u>\$ 14,556</u>	<u>\$ (174,331)</u>	<u>\$ (153,368)</u>	<u>\$ 336,168</u>	<u>\$ 23,025</u>
	\$ 8,016 1,490 3,127	\$ (181,836) (53,926) (18,884) (30,900)	\$ (32,181)  (5,498) (5,982)	\$ 225,996 61,216 23,330 41,308	\$ 11,979 15,306 438 7,553
	\$ 8,702 31,633 1,873 664 46,388	\$ (33,042) (308,656) (16,484) (9,711) (383,806)	\$ (11,371) (113,138)  (1,226) (105,499)	\$ 38,397 444,175 17,432 11,558 475,233	\$ 2,686 54,014 2,821 1,285 32,316
	<u>\$ 101,893</u>	<u>\$ (1,037,245)</u>	<u>\$ (274,895)</u>	<u>\$ 1,338,645</u>	<u>\$ 128,398</u>

JEFFERSON COUNTY  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For The Fiscal Year Ended June 30, 2002  
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<u>Grant Title</u>	<u>Grant Identification Number</u>	<u>Federal CFDA Number</u>
<b>U.S. Department of Housing and Urban Development (Continued):</b>		
Lead Hazard Control Program	KYLHR0111-98	14.900
Home Program	M-01-UC-21-0203	14.239
Home Program	M-00-UC-21-0203	14.239
Home Program	M-99-UC-21-0203	14.239
Home Program	M-98-UC-21-0203	14.239
Home Program	M-97-UC-21-0203	14.239
Subtotal Direct Programs		
Pass Through Programs:		
Kentucky Housing Corporation: Supportive Housing Program	KY-36-B00-1005	14.235
City of Louisville: Housing Opportunities for Persons with Aids (HOPWA): HOPWA		14.241
Kentucky Housing Corporation: Housing Opportunities for Persons with Aids (HOPWA): HOPWA V	KY-36-H00-F999	14.241
HOPWA IV	KY-36-H99-F999	14.241
HOPWA III	KY-36-H98-F999	14.241
Total Kentucky Housing Corporation		
Housing Authority of Louisville: Family Self Sufficiency		14.850
Family Self Sufficiency		14.850

JEFFERSON COUNTY  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For The Fiscal Year Ended June 30, 2002  
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<b>2002 Federal Grant Award</b>	<b>Receivable (Payable) June 30, 2001</b>	<b>Revenue Received</b>	<b>Grant Match, Contributions and Program Income</b>	<b>Expenditures</b>	<b>Receivable (Payable) June 30, 2002</b>
\$	\$ 111,409	\$ (106,291)	\$ (36,606)	\$ 358,568	\$ 327,080
1,292,000	\$	\$ (293,326)	\$ (467,187)	\$ 1,007,248	\$ 246,735
	116,290	(306,644)		190,354	
		(266,562)		266,562	
		(132,898)		132,898	
		(98,728)		98,728	
	<u>116,290</u>	<u>(1,098,158)</u>	<u>(467,187)</u>	<u>1,695,790</u>	<u>246,735</u>
	<u>733,549</u>	<u>(5,798,833)</u>	<u>(1,044,434)</u>	<u>7,457,143</u>	<u>1,347,425</u>
\$ 37,121	\$	\$ (1,709)	\$	\$ 6,917	\$ 5,208
\$ 90,000	\$	\$ (15,740)	\$	\$ 32,413	\$ 16,673
	\$ 8,067	\$ (19,823)	\$	\$ 11,756	\$
	4,047	(4,047)			
	<u>7,078</u>	<u>(7,078)</u>			
	<u>19,192</u>	<u>(30,948)</u>		<u>11,756</u>	
\$ 344,500	\$	\$ (255,666)	\$ (3,726)	\$ 337,813	\$ 78,421
	<u>81,502</u>	<u>(81,502)</u>			

JEFFERSON COUNTY  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For The Fiscal Year Ended June 30, 2002  
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<u>Grant Title</u>	<u>Grant Identification Number</u>	<u>Federal CFDA Number</u>
<b>U.S. Department of Housing and Urban Development (Continued):</b>		
Total Housing Authority of Louisville		
Housing Authority of Jefferson County:		
Supplemental Police Services (Whipps Mill, Newburg & Norfolk)		14.854
Supplemental Police Services (Whipps Mill, Newburg & Norfolk)		14.854
Operation Self Help		14.856
Operation Self Help		14.856
Total Housing Authority of Jefferson County		
<b>Total U.S. Department of Housing and Urban Development</b>		
<b>U.S. Department of the Interior:</b>		
Direct Program:		
Belle of Louisville Preservation	21-01-MI-1116	15.904
<b>U.S. Customs:</b>		
Direct Program:		
Criminal Investigation Division		16.004
Derby City Task Force		16.004
Derby City Task Force		16.004
Federal Bureau of Investigation		16.305
USCS Outbound Program		
<b>Total U.S. Customs</b>		

JEFFERSON COUNTY  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For The Fiscal Year Ended June 30, 2002  
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<u>2002 Federal Grant Award</u>	<u>Receivable (Payable) June 30, 2001</u>	<u>Revenue Received</u>	<u>Grant Match, Contributions and Program Income</u>	<u>Expenditures</u>	<u>Receivable (Payable) June 30, 2002</u>
	\$ 81,502	\$ (337,168)	\$ (3,726)	\$ 337,813	\$ 78,421
\$ 18,000	\$ 1,371	\$ (40,636)	\$	\$ 47,190	\$ 6,554
130,000	39,936	(130,000)	(271,710)	401,710	
		(39,936)			
	\$ 41,307	\$ (211,943)	\$ (271,710)	\$ 448,900	\$ 6,554
	\$ 875,550	\$ (6,396,341)	\$ (1,319,870)	\$ 8,294,942	\$ 1,454,281
\$	\$ 235,511	\$ (267,618)	\$ (84,560)	\$ 138,966	\$ 22,299
	\$ (2,073)	\$ (3,305)	\$	\$ 8,857	\$ 5,552
		(16,181)		23,863	5,609
		(10,479)		10,479	
				277	277
		(1,477)		3,061	1,584
	\$ (2,073)	\$ (31,442)	\$ 0	\$ 46,537	\$ 13,022

JEFFERSON COUNTY  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For The Fiscal Year Ended June 30, 2002  
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<u>Grant Title</u>	<u>Grant Identification Number</u>	<u>Federal CFDA Number</u>
<b>U.S. Department of Justice:</b>		
Direct Programs:		
Drug Enforcement Administration		16.004
Gang Free Schools & Community	2001-JD-FX-0005	16.544
Drug Court Improvement and Enhancement	95-DC-MX-0054	16.548
Grants to Encourage Arrest Policies	97-WE-VX-0099	16.589
Grants to Encourage Arrest Policies	97-WE-VX-0099	16.589
Law Enforcement Block Grant	2001-LB-BX-3754	16.592
Law Enforcement Block Grant	2000-LB-BX-1479	16.592
Law Enforcement Block Grant	1999-LB-VX-7567	16.592
Bulletproof Vests Partnership		16.607
Bulletproof Vests Partnership		16.607
COPS 2001 Technology	2001CKWX0042	16.710
COPS 2000 Technology	2000CKWX0013	16.710
COPS 2000 Technology	2000CKWX0013	16.710
COPS Ahead and COPS Universal 2001	95-CC-WX-0139	16.710
COPS Ahead and COPS Universal	95-CC-WX-0139	16.710
COPS More 95	95-CL-WX-0094	16.710
COPS More	98-CL-WX-0209	16.710
COPS More	98-CL-WX-0209	16.710
Subtotal Direct Programs		
Pass Through Programs:		
National Center for Missing and Exploited Children: Exploited Children / Pro-Power		16.543
Total National Center for Missing and Exploited Children		
City of Louisville:		
Juvenile Drug Court	M01292186	16.579
Juvenile Drug Court	5776-N10-2/98	16.579

JEFFERSON COUNTY  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For The Fiscal Year Ended June 30, 2002  
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<u>2002 Federal Grant Award</u>	<u>Receivable (Payable) June 30, 2001</u>	<u>Revenue Received</u>	<u>Grant Match, Contributions and Program Income</u>	<u>Expenditures</u>	<u>Receivable (Payable) June 30, 2002</u>
\$	\$ 9,333	\$ (8,503)	\$ (4,538)	\$ 6,511	\$ 2,803
150,000	(13,177)	(1)	49,440	36,262	
	(1,570)		1,570		
3,636,381		(174,695)	(691,733)	1,075,501	209,073
	92,862	(92,862)			
456,506		(456,506)	(24,596)	200,194	(280,908)
	(341,041)		(20,903)	136,662	(225,282)
	(248,552)		(28,290)	276,842	
	31,000	(31,000)			
13,311	13,311	(13,311)			
1,297,140		(1,005,543)		1,027,783	22,240
1,000,000		(9,204)		94,885	85,681
	296,228	(296,228)			
750,000		(192,104)	(146,122)	394,924	56,698
	147,499	(147,499)			
	61,062	(61,062)			
2,085,750		(372,929)	(134,722)	536,763	29,112
	<u>643,218</u>	<u>(643,218)</u>			
	\$ 703,350	\$ (3,517,841)	\$ (1,050,905)	\$ 3,801,075	\$ (64,321)
\$	\$ (18)	\$ 0	\$ 0	\$ 18	\$ 0
	<u>(18)</u>	<u>0</u>	<u>0</u>	<u>18</u>	<u>0</u>
\$ 88,511	\$	\$ (65,824)	\$	\$ 79,276	\$ 13,452
	81,183	(81,183)			

JEFFERSON COUNTY  
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<u>Grant Title</u>	<u>Grant Identification Number</u>	<u>Federal CFDA Number</u>
<b>U.S. Department of Justice (Continued):</b>		
Juvenile Drug Court	5948-N10-3/99	16.579
Total City of Louisville		
Kentucky Administrative Office of the Courts:		
Drug Court Diversion Project	1200-025-CM02-	16.579
Drug Court Diversion Project	1200-025-CM02-CM00	16.579
Total Kentucky Administrative Office of the Courts		
Kentucky Department of Justice - Justice Cabinet:		
JCYC Renovation Program	2000-JB-VX-0021 (104)	16.523
JCYC Renovation Program	1999-JB-VX-0021 (204)	16.523
JCYC Renovation Program	98-JB-VX-0021(104)	16.523
Delinquency Prevention - Title V	2001-JP-FX-2021 (22-3)	16.548
Delinquency Prevention - Title V	2000-JP-FX-0921	16.548
Elder Abuse	6360-N18-2/01	16.579
Elder Abuse	6136-N18-1/00	16.579
D District Rapid Response	6493-VA1-6/99	16.579
D District Rapid Response V	6274-VA1-5/00	16.579
D District Rapid Response IV	6062-V1-4/99	16.579
Offender Work Program	6134-N20-4/00	16.579
Weed and Seed Strategy	6366-N21-1/01	16.579
Community Youth Initiative	6362-N4-3/01	16.579
Community Youth Initiative	6135-N4-2/99	16.579
Metro Narcotics Street Sales Enforcement	6330-N2-14/01	16.579
Metro Narcotics Street Sales Enforcement	6137-N2-13/98	16.579
Forfeiture Funds - Metro Narcotics	F/Y99 Collections	16.579
Forfeiture Funds - Metro Narcotics	F/Y00 Collections	16.579
Forfeiture Funds - Metro Narcotics	F/Y01 Collections	16.579
Total Kentucky Department of Justice		

JEFFERSON COUNTY  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
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<u>2002 Federal Grant Award</u>	<u>Receivable (Payable) June 30, 2001</u>	<u>Revenue Received</u>	<u>Grant Match, Contributions and Program Income</u>	<u>Expenditures</u>	<u>Receivable (Payable) June 30, 2002</u>
	\$ 25,654	\$ (25,654)	\$ 0	\$ 0	\$ 0
	\$ 106,837	\$ (172,661)	\$ 0	\$ 79,276	\$ 13,452
\$ 68,744	\$ 46,636	\$ (50,830)	\$ (9,668)	\$ 79,414 4,194	\$ 69,746
	\$ 46,636	\$ (50,830)	\$ (9,668)	\$ 83,608	\$ 69,746
\$ 83,338	\$	\$ (13,542)	\$ (7,516)	\$ 21,058	\$
97,164	87,865	(97,064)		9,199	
91,354		(38,355)		89,462	51,107
	36,422	(36,422)			
204,420		(92,942)	(51,759)	251,819	107,118
	151,522	(146,541)	(4,981)		
42,158		(5,493)	(6,199)	24,612	12,920
	20,510	(20,510)			
	8,032	(7,364)	(668)		
57,649	6,433	(6,433)			
67,544		(9,361)	(18,578)	73,763	45,824
108,745		(37,599)	(28,105)	111,453	45,749
	27,607	(27,607)			
506,751		(245,342)	(166,557)	666,228	254,329
	264,457	(264,457)			
	(388,029)			388,029	
	(926,246)			926,246	
	\$ (711,427)	\$ (1,049,032)	\$ (284,363)	\$ 2,561,869	\$ 517,047

JEFFERSON COUNTY  
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<u>Grant Title</u>	<u>Grant Identification Number</u>	<u>Federal CFDA Number</u>
<b>Total U.S. Department of Justice</b>		
<b>U.S. Department of Labor:</b>		
Pass Through Programs:		
City of Louisville - Workforce Investment Board		
Welfare to Work - Non-Custodial Parent	#501-091-1	17.253
Welfare to Work - Non-Custodial Parent	#501-091-1	17.253
Welfare to Work - Resource Bank	#501-068-1	17.253
Welfare to Work - Resource Bank	#520-068-0	17.253
Total Workforce Investment Board		
<b>Total U.S. Department of Labor</b>		
<b>U.S. Department of Transportation:</b>		
Pass Through Programs:		
Kentucky Transportation Cabinet:		
Aiken/Hobbs/Fairmont Bridges		20.205
Aiken/Hobbs/Fairmont Bridges		20.205
River Road Bridge/Harrods Creek	5-406.00	20.205
Johnsontown Road	5-405.00	20.205
Cooper Chapel Road, Sect 1	5-403.00	20.205
Cooper Chapel Road, Sect 1	5-403.00	20.205
Cooper Chapel Road, Sect 3	5-404.00	20.205
Cooper Chapel Road, Sect 3	5-404.00	20.205
English Station Road	1200 D625 05	20.205
English Station Road	1200 D625 05	20.205
Indian Trail Phase II	FD52-1200-CO56-6388201R	20.205

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<b>2002 Federal Grant Award</b>	<b>Receivable (Payable) June 30, 2001</b>	<b>Revenue Received</b>	<b>Grant Match, Contributions and Program Income</b>	<b>Expenditures</b>	<b>Receivable (Payable) June 30, 2002</b>
	\$ 145,378	\$ (4,790,364)	\$ (1,344,936)	\$ 6,525,846	\$ 535,924
<hr/>					
\$ 310,800	\$ 53,268	\$ (192,995)	\$ (1,628)	\$ 242,994	\$ 48,371
		(53,168)	(100)		
529,200		(112,153)		161,807	49,654
	<u>61,340</u>	<u>(63,258)</u>		<u>1,918</u>	
	\$ 114,608	\$ (421,574)	\$ (1,728)	\$ 406,719	\$ 98,025
<hr/>					
	\$ 114,608	\$ (421,574)	\$ (1,728)	\$ 406,719	\$ 98,025
<hr/>					
\$ 128,000	\$ 585	\$ (13,385)	\$ (13,010)	\$ 65,051	\$ 38,656
			(585)		
			(12,134)	60,670	48,536
		(141,581)	(43,906)	199,131	13,644
		(175,284)	(67,658)	265,644	22,702
	23,689	(23,689)			
		(17,801)	(5,126)	25,627	2,700
	202		(202)		
		(92,401)	(28,275)	141,373	20,697
	8,493	(8,493)			
		(56)	(14)	70	

JEFFERSON COUNTY  
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<u>Grant Title</u>	<u>Grant Identification Number</u>	<u>Federal CFDA Number</u>
<b>U.S. Department of Transportation (Continued):</b>		
Pass Through Programs (Continued):		
Indian Trail Phase II	FD52-1200-CO56-6388201R	20.205
Indian Trail	STPM-8752	20.205
Browns Lane	STPM-8712-3	20.205
Browns Lane	STPM-8712-3	20.205
Stonestreet Road Phase II	STMP-8785-7	20.205
Stonestreet Road Phase II	STMP-8785-7	20.205
Gilmore Lane	STMP-8750-002	20.205
Gilmore Lane	STMP-8750-002	20.205
Sheperdsville/Applegate/Robbs Lane	OOHES-08741-001	20.205
Shepherdsville Rd (Pamela to Outer Loop)	OOHES-08732-005	20.205
Evergreen Sidewalks	C-00306764	20.205
KIPDA Pedway	C-01031779	20.205
Herr Lane Sidewalks	C-01046197	20.205
Herr Lane Sidewalks	C-01046197	20.205
Fairdale/Manslick Sidewalks		20.205
Buechel Train Station	KY990517-0548	20.205
Upper River Road Bicycle Trail **	CH-002590	20.205
Bicycle/Pedestrian Coordinator Program	C-01085124	20.205
Bicycle/Pedestrian Coordinator Program	C-00132483	20.205
Riverside Trail @ Farnsley Moreman		20.205
Bicycle/Pedestrian Education & Awareness	C-01107936	20.205
Louisville Area Bike Map	C-01107957	20.205
Bicycle Parking Facilities (Racks)	C-01107981	20.205
Ohio River Levee Trail	C-0097399	20.507
Control Mitigation & Air Quality (CMAQ)	C-00132475	20.512
Alternative Refueling (CMAQ)	C-00314964	20.512
Kentuckiana Air Education	C-01220052	20.512
Ozone Awareness (KOPC)	C-01220052	20.512
KY Ozone Prevention Coalition (CQ/02)	C-01319266	20.512
KAIRE Survey / Ozone Awareness	C-99086577	20.512

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<b>2002 Federal Grant Award</b>	<b>Receivable (Payable) June 30, 2001</b>	<b>Revenue Received</b>	<b>Grant Match, Contributions and Program Income</b>	<b>Expenditures</b>	<b>Receivable (Payable) June 30, 2002</b>
	\$ 33,732	\$ (33,732)	\$	\$	\$
	360		(360)		
			(20)	100	80
	2,036	(2,036)			
		(133,071)	(43,799)	204,855	27,985
	169,066	(169,066)			
		(1,053)	(305)	1,523	165
	2,131	(2,131)			
\$ 43,000					
50,000	50,000	(50,000)			
		(24,713)	(6,179)	30,892	
	120	(120)			
100,000			(20,056)	100,280	80,224
	9,000		(12,350)	23,350	20,000
40,000		(27,140)	(7,187)	45,870	11,543
	9,147	(9,147)			
	100,000	(100,000)			
20,000		(10,315)		19,932	9,617
8,000			(1,165)	9,161	7,996
10,000			(2,500)	12,432	9,932
		(100,000)		100,000	
	2,429	(2,429)			
112,000		(51,461)	(12,750)	64,211	
		(35,808)	(47,758)	238,945	155,379
		(29,326)	(18,012)	90,059	42,721
125,000		(4,748)	(10,976)	55,046	39,322
			(7,682)	38,408	30,726

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<u>Grant Title</u>	<u>Grant Identification Number</u>	<u>Federal CFDA Number</u>
<b>U.S. Department of Transportation (Continued):</b>		
Pass Through Programs (Continued):		
Total Kentucky Transportation Cabinet		
Kentucky State Police:		
Comprehensive Highway Safety	PT-02-11	20.215
Comprehensive Highway Safety	PT-01-11	20.215
Comprehensive Highway Safety	PT-01-11	20.215
Comprehensive Highway Safety	PT-00-07	20.215
Total Kentucky State Police		
Kentuckiana Regional Planning and Development Agency (KIPDA):		
Fiscal Year 2002 Transportation Planning Work Program		20.205
Fiscal Year 2001 Transportation Planning Work Program		20.205
Total Kentuckiana Regional Planning and Development Agency		
Indiana Department of Transportation:		
Ozone Awareness	1020682	20.512
<b>Total U.S. Department of Transportation</b>		
<b>Bureau of Alcohol, Tobacco and Firearms:</b>		
Operation Gunsmoke		21.052
Operation Gunsmoke		21.052
Gang Resistance Education & Training (G.R.E.A.T.)	98429266	21.052
<b>Total Bureau of Alcohol Tobacco and Firearms</b>		

JEFFERSON COUNTY  
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(Continued)

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<u>2002 Federal Grant Award</u>	<u>Receivable (Payable) June 30, 2001</u>	<u>Revenue Received</u>	<u>Grant Match, Contributions and Program Income</u>	<u>Expenditures</u>	<u>Receivable (Payable) June 30, 2002</u>
	\$ 410,990	\$ (1,258,986)	\$ (362,009)	\$ 1,792,630	\$ 582,625
\$ 71,500	\$	\$ (33,616)	\$ (23,548)	\$ 67,281	\$ 10,117
95,000		(10,259)		10,259	
	21,583	(21,487)	(96)		
	<u>21,583</u>	<u>(65,362)</u>	<u>(23,644)</u>	<u>77,540</u>	<u>10,117</u>
\$ 75,000	\$	\$ (28,427)	\$	\$ 42,407	\$ 13,980
	3,495	(3,495)			
	<u>3,495</u>	<u>(31,922)</u>	<u>0</u>	<u>42,407</u>	<u>13,980</u>
	5,510	(45,283)	(18,641)	93,203	34,789
	<u>441,578</u>	<u>(1,401,553)</u>	<u>(404,294)</u>	<u>2,005,780</u>	<u>641,511</u>
	\$	\$ (1,791)	\$	\$ 2,165	\$ 374
	1,226	(1,226)			
	<u>1,226</u>	<u>(3,017)</u>	<u>0</u>	<u>2,165</u>	<u>374</u>

JEFFERSON COUNTY  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For The Fiscal Year Ended June 30, 2002  
(Continued)

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<u>Grant Title</u>	<u>Grant Identification Number</u>	<u>Federal CFDA Number</u>
<b>U.S. Environmental Protection Agency:</b>		
Direct Programs:		
Air Pollution Control	A-00404101-0	66.001
Air Pollution Control	A-00404100-0	66.001
PM 2.5 Air Monitoring Network	PM984364-98-0	66.606
EMPACT	X-97414901-0	66.606
Air Toxics Characterization	X-97422901-0	66.606
Air Toxics	X984458-98-0	66.606
Restaurant Recycling Pilot Program Project	X1984448-98-0	66.608
Sustainable Development Challenge	SD-98450298-0	66.606
Chemical Emergency Preparedness & Prevention	CA97402000-0	66.810
Subtotal Direct Program:		
Pass Through Program:		
Kentucky Cabinet for Health Services:		
Radon Testing	SPHD	66.032
Radon Testing	SPHD	66.032
Mosquito Control	SPAC	66.606
Total Kentucky Cabinet for Health Services		
<b>Total U.S. Environmental Protection Agency</b>		
<b>U.S. Department of Energy:</b>		
Pass Through Program:		
Kentucky Cabinet for Families and Children		
Weatherization Assistance (LIHEAP)	M-01164398	81.042

JEFFERSON COUNTY  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For The Fiscal Year Ended June 30, 2002  
(Continued)

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<u>2002 Federal Grant Award</u>	<u>Receivable (Payable) June 30, 2001</u>	<u>Revenue Received</u>	<u>Grant Match, Contributions and Program Income</u>	<u>Expenditures</u>	<u>Receivable (Payable) June 30, 2002</u>
\$ 518,905	\$ (172,021)	\$ (192,979)	\$ (1,042,497)	\$ 1,235,476	\$
	(12,556)	(311,949)	(454,260)	938,230	
178,255		(150,000)		126,177	(36,379)
50,000		(170,000)		108,667	(61,333)
	(49,338)	(20,000)		297	(69,041)
	7,840	(7,840)			
	6,281	(45,000)	(10,372)	87,263	38,172
	<u>(2,245)</u>		<u>(36,144)</u>	<u>38,389</u>	
	\$ <u>(222,039)</u>	\$ <u>(897,768)</u>	\$ <u>(1,543,273)</u>	\$ <u>2,534,499</u>	\$ <u>(128,581)</u>
\$ 14,984	\$ 12,212	\$ (14,548)	\$ (16,880)	\$ 33,366	\$ 1,938
	<u>(22,782)</u>	<u>(12,212)</u>		<u>19,739</u>	<u>(3,043)</u>
	\$ <u>(10,570)</u>	\$ <u>(26,760)</u>	\$ <u>(16,880)</u>	\$ <u>53,105</u>	\$ <u>(1,105)</u>
	\$ <u>(232,609)</u>	\$ <u>(924,528)</u>	\$ <u>(1,560,153)</u>	\$ <u>2,587,604</u>	\$ <u>(129,686)</u>
\$ 212,867	\$	\$ (59,169)	\$	\$ 166,944	\$ 107,775

JEFFERSON COUNTY  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For The Fiscal Year Ended June 30, 2002  
(Continued)

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<u>Grant Title</u>	<u>Grant Identification Number</u>	<u>Federal CFDA Number</u>
<b>U.S. Department of Energy (Continued):</b>		
Pass Through Program (Continued):		
Weatherization Assistance (Trust Fund)	M-00121286	81.042
Weatherization Assistance (LIHEAP)	M-00121286	81.042
<b>Total U.S. Department of Energy</b>		
<b>Federal Emergency Management Agency:</b>		
Pass Through Program:		
Emergency Food Shelter National Board Metro United Way:		
Emergency Food and Shelter Program		83.523
Emergency Food and Shelter Program	19-3428-00	83.523
Emergency Food and Shelter Program	18-3428-00	83.523
Total Metro United Way		
<b>Total Federal Emergency Management Agency</b>		
<b>U.S. Department of Health and Human Services:</b>		
Direct Programs:		
Child Lead Poisoning	MCJ-211005-01	93.110
Center for Disease Control - Lead Detection	US7/CCU418494-02	93.197
Turning It Around Target Enhancement Program	5 H79 TI12463-02	93.230
Turning It Around Target Enhancement Program	1 H79 TI12463-01	93.230
Healthy Start	1 H49 MC 00152-02	93.926B
Healthy Start	6 H96 MC 00054-04	93.926B
Subtotal Direct Program:		

JEFFERSON COUNTY  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For The Fiscal Year Ended June 30, 2002  
(Continued)

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<u>2002 Federal Grant Award</u>	<u>Receivable (Payable) June 30, 2001</u>	<u>Revenue Received</u>	<u>Grant Match, Contributions and Program Income</u>	<u>Expenditures</u>	<u>Receivable (Payable) June 30, 2002</u>
\$ 135,451	\$ 19,819	\$ (135,451) (19,819)	\$	\$ 135,451	\$
	\$ 19,819	\$ (214,439)	\$	\$ 302,395	\$ 107,775
\$ 91,783	\$ (9,206)	\$ (91,783)	\$	\$ 85,650	\$ (6,133)
100,000				9,206	
	\$ (9,206)	\$ (91,783)	\$ 0	\$ 94,856	\$ (6,133)
	\$ (9,206)	\$ (91,783)	\$ 0	\$ 94,856	\$ (6,133)
	\$ 28,645	\$ (28,645)	\$	\$	\$
	11,208	(256,107)		354,304	109,405
\$ 479,000		(291,282)	(3,350)	420,738	126,106
	58,043	(58,043)			
2,231,250		(665,288)		1,042,596	377,308
	210,604	(210,604)		21,122	21,122
	\$ 308,500	\$ (1,509,969)	\$ (3,350)	\$ 1,838,760	\$ 633,941

JEFFERSON COUNTY  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For The Fiscal Year Ended June 30, 2002  
(Continued)

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<u>Grant Title</u>	<u>Grant Identification Number</u>	<u>Federal CFDA Number</u>
<b>U.S. Department of Health and Human Services (Continued):</b>		
Pass Through Programs:		
Kentuckiana Regional Planning and Development Agency (KIPDA):		
Nutrition-Home Delivered	OAS-M-001121037	93.045
Nutrition-Congregate Meals	OAS-M-001121037	93.045
Healthy Families	M-01136028-LJCHD	93.556
Healthy Families	M-00086883-JCHD	93.556
Total Kentuckiana Regional Planning and Development Agency (KIPDA)		
Kentucky Commission For Children With Special Health Care Needs:		
Nutrition Services	M-01109706	93.994
Nutrition Services	HC-99-00-8148	93.994
Total for Kentucky Commission For Children With Special Health Care Needs		
Kentucky Cabinet for Families and Children:		
Project Life	M-01164185	93.558
Project Life	M-00095636	93.558
Crisis Intervention	M-00121943	93.568
Neighborhood Place		93.667
Crimes Against Children	M99114024	93.667
Total for Kentucky Cabinet for Families and Children		
Kentucky Cabinet for Health Services:		
Department for Public Health:		
Tuberculosis	SDFD	93.116
Tuberculosis	SDFD	93.116
State Lead Surveillance	SJBW	93.197
District Family Planning	SJBH	93.217
District Family Planning	SJBH	93.217

JEFFERSON COUNTY  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For The Fiscal Year Ended June 30, 2002  
(Continued)

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<u>2002 Federal Grant Award</u>	<u>Receivable (Payable) June 30, 2001</u>	<u>Revenue Received</u>	<u>Grant Match, Contributions and Program Income</u>	<u>Expenditures</u>	<u>Receivable (Payable) June 30, 2002</u>
\$ 484,973	\$	\$ (484,973)	\$ (126,670)	\$ 630,562	\$ 18,919
634,787		(598,336)	(154,818)	770,686	17,532
42,500			(27,830)	50,542	22,712
42,500	<u>18,443</u>	<u>(18,443)</u>	<u></u>	<u></u>	<u></u>
	<u>\$ 18,443</u>	<u>\$ (1,101,752)</u>	<u>\$ (309,318)</u>	<u>\$ 1,451,790</u>	<u>\$ 59,163</u>
	\$	\$ (50,761)	\$	\$ 76,803	\$ 26,042
	<u>10,489</u>	<u>(10,489)</u>	<u></u>	<u></u>	<u></u>
	<u>\$ 10,489</u>	<u>\$ (61,250)</u>	<u>\$ 0</u>	<u>\$ 76,803</u>	<u>\$ 26,042</u>
\$ 613,750	\$	\$ (128,299)	\$ (213,980)	\$ 391,744	\$ 49,465
	34,542	(34,542)			
125,935	69,339	(69,339)			
	38,125	(38,125)			
	<u>767</u>	<u></u>	<u>(767)</u>	<u></u>	<u></u>
	<u>\$ 142,773</u>	<u>\$ (270,305)</u>	<u>\$ (214,747)</u>	<u>\$ 391,744</u>	<u>\$ 49,465</u>
\$ 89,340	\$	\$ (89,340)	\$ (760,114)	\$ 849,454	\$
	17,517	(17,517)			
66,700		(34,711)	(13,850)	71,173	22,612
404,369		(404,369)		404,369	
	160,058	(160,058)			

JEFFERSON COUNTY  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For The Fiscal Year Ended June 30, 2002  
(Continued)

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<u>Grant Title</u>	<u>Grant Identification Number</u>	<u>Federal CFDA Number</u>
<b>U.S. Department of Health and Human Services (Continued):</b>		
Pass Through Programs (Continued):		
Kentucky Cabinet for Health Services:		
Department for Public Health (Continued):		
Transition Training Coordination	SJBH	93.217
Abstinence	SJB7	93.235
Abstinence	SJB7	93.235
Disaster Preparation	SDK1	93.238
Immunization Initiative	SDFB	93.268
Immunization Initiative	SDFB	93.268
Pediatric Adolescent Services	SDFB	93.268
Epidemiology Activities	SDFB	93.268
Epidemiology Activities	SDFB	93.268
Disaster Preparation	SDKD	93.283
Disaster Preparation	SDKD	93.283
NEDSS	SDKV	93.283
NEDSS	SDKV	93.283
Tobacco Use Prevention	SJKF	93.283
Tobacco Use Prevention	SJKF	93.283
Restricted Random Drug Tests	SADT	93.667
KCHIP Campaign	SAAK	93.767
KCHIP Coordination	SAAK	93.767
Early Periodic Screening	SAAG	93.778
Early Periodic Screening	SAAG	93.778
Cancer Screening	SJKG	93.919
Cancer Screening	SJKG	93.919
HIV Prevention Planning	SDGH	93.940
HIV Prevention Planning	SDGH	93.940
HIV/AIDS Surveillance	SDGP	93.944
HIV/AIDS Surveillance	SDGP	93.944
Arthritis Community Project	SJB8	93.945
Cardiovascular	SJKU	93.945
Cardiovascular Community Assessment	SJKU	93.945

JEFFERSON COUNTY  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For The Fiscal Year Ended June 30, 2002  
(Continued)

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<u>2002 Federal</u> <u>Grant Award</u>	<u>Receivable</u> <u>(Payable)</u> <u>June 30, 2001</u>	<u>Revenue</u> <u>Received</u>	<u>Grant Match,</u> <u>Contributions</u> <u>and Program</u> <u>Income</u>	<u>Expenditures</u>	<u>Receivable</u> <u>(Payable)</u> <u>June 30, 2002</u>
\$ 5,379	\$	\$ (5,379)	\$	\$ 5,379	\$
27,950		(16,405)	(31,786)	59,736	11,545
	27,950	(27,950)			
52,275		(52,275)		52,275	
61,826		(61,826)		61,826	
	14,340	(14,340)			
57,400		(57,400)	(59,130)	116,530	
49,121		(49,121)	(654,751)	703,872	
	8,185	(8,185)			
19,050		(19,050)	(22,065)	41,115	
	4,850	(4,850)			
222,000		(194,983)	(27,159)	243,196	21,054
	60,751	(60,751)			
60,000		(55,000)	(358,564)	418,564	5,000
	5,000	(5,000)			
121,401	3,238	(36,730)		47,924	14,432
136,000		(103,757)	(24,921)	160,921	32,243
	80,870	(80,870)			
431,489		(24,123)	(78,575)	89,930	(12,768)
	(19,335)			19,335	
146,901		(123,051)	(239,940)	382,833	19,842
	64,556	(64,556)			
114,908		(95,758)	(224,048)	338,956	19,150
	36,528	(36,528)			
35,445		(35,445)		32,487	(2,958)
	6,242	(9,352)		3,110	
5,030		(5,030)	(2,750)	7,780	
90,000		(88,289)		87,219	(1,070)
2,100			(1,360)	1,360	

JEFFERSON COUNTY  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For The Fiscal Year Ended June 30, 2002  
(Continued)

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<u>Grant Title</u>	<u>Grant Identification Number</u>	<u>Federal CFDA Number</u>
<b>U.S. Department of Health and Human Services (Continued):</b>		
Pass Through Programs (Continued):		
Kentucky Cabinet for Health Services:		
Department for Public Health (Continued):		
Cardiovascular	SJKU	93.945
Methadone	SABC	93.959
Methadone	SABC	93.959
Syphilis	SDFG	93.977
Syphilis	SDFG	93.977
Diabetes Today	SJKC	93.988
Adult Preventive Care	SJKB	93.991
Community Based Services	SJKB	93.991
Transition Training Coordination	SJKB	93.991
Community Based Services	SJBB	93.994
Nonclinic School Health	SJBB	93.994
Pediatric Adolescent Services	SJBB	93.994
Pediatric Adolescent Services	SJBB	93.994
District Family Planning	SJBB	93.994
District Family Planning	SJBB	93.994
Prenatal Service	SJBB	93.994
Prenatal Service	SJBB	93.994
Nutrition	SJBB	93.994
Nutrition	SJBB	93.994
Resource Persons	SJBB	93.994
School Health	SJBB	93.994
Diabetes	SJKC	93.998
Total Kentucky Cabinet for Health Services		
Department for Public Health		
<b>Total U.S. Department of Health and Human Services</b>		
<b>Total</b>		

JEFFERSON COUNTY  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For The Fiscal Year Ended June 30, 2002  
(Continued)

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<b>2002 Federal Grant Award</b>	<b>Receivable (Payable) June 30, 2001</b>	<b>Revenue Received</b>	<b>Grant Match, Contributions and Program Income</b>	<b>Expenditures</b>	<b>Receivable (Payable) June 30, 2002</b>
\$	\$	\$	\$	\$	\$
459,000	70,445	(70,445)			
		(382,500)	(416,994)	859,202	59,708
	157,412	(191,000)		33,588	
183,900		(144,925)		133,982	(10,943)
	(3,501)	(46,088)		49,589	
20,200		(17,894)	(672)	20,872	2,306
	91,079	(91,079)			
265,552		(265,552)		265,532	(20)
1,345		(1,345)	(32,023)	33,368	
82,220		(82,220)	(52,653)	134,873	
	2,800	(2,800)			
60,000		(60,000)	(234,356)	294,356	
	84,363	(84,363)			
311,836		(311,836)	(224,879)	536,715	
	79,861	(79,861)			
183,500		(183,500)	(35,656)	219,156	
	75,405	(97,488)		22,083	
42,600		(42,600)	(1,625)	41,232	(2,993)
	14,000	(14,000)			
		(21,000)	(3,323)	7,456	(16,867)
	<u>1,429</u>	<u>(1,429)</u>			
	<u>\$ 1,044,043</u>	<u>\$ (4,233,924)</u>	<u>\$ (3,501,194)</u>	<u>\$ 6,851,348</u>	<u>\$ 160,273</u>
	<u>\$ 1,524,248</u>	<u>\$ (7,177,200)</u>	<u>\$ (4,028,609)</u>	<u>\$ 10,610,445</u>	<u>\$ 928,884</u>
	<u>\$ 3,860,096</u>	<u>\$ (23,703,551)</u>	<u>\$ (8,972,273)</u>	<u>\$ 32,966,980</u>	<u>\$ 4,151,252</u>

JEFFERSON COUNTY  
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

June 30, 2002

Note 1 - Basis of Presentation

This schedule is presented using the modified accrual basis of accounting, which is described in Note B to Jefferson County Fiscal Court's basic financial statements.

The expenditures column of the Schedule of Expenditures of Federal Awards represents expenditures of grant awards which contain funding from other than federal sources in addition to federal funding. A summary of expenditures by funding source is as follows:

Total expenditures per Schedule of Expenditures of Federal Awards	\$ 32,966,980
Grant Match, Contributions, and Program Income	<u>(8,972,273)</u>
Total Federal Expenditures	<u>\$ 23,994,707</u>

Note 2 - As required by the Community Development Block Grant agreement, all program moneys received by the recipient after the completion of all recipient grant activities shall be used by the recipient for community or economic development activities eligible for assistance under Title I of the Housing and Community Development Act of 1974, so specified in the Commonwealth of Kentucky's Community Development Block Grant Eligible Activities Policy Statement.

Note 3 - Federally Assisted Loan Programs

Jefferson County Community Development Department provides loans from CDBG (14.218) funds and from HOME (14.239) funds for the purpose of rehabilitating multifamily rental dwellings. The loans are made to land lords and are administered by the Kentucky Housing Corporation. The loans are made pursuant to the grant agreements and interest income is accounted for as program income. During the year ended June 30, 2002, new loans of CDBG funds in the amount of \$14,700 and of HOME funds in the amount of \$76,956 were made. This brings the total loan portfolio of CDBG as of June 30, 2002 to \$572,723 and HOME to \$2,051,468.

Note 4 - Subrecipient Activity

A subrecipient is a non-federal entity that expends federal awards received from a pass-through entity to carry out a federal program. The following list summarizes the amount of federal funds disbursed to subrecipients:

<u>CFDA Number</u>	<u>Federal Program Name</u>	<u>Amount</u>
14.218	Community Development Block Grant	\$610,232
14.238	Shelter Plus Care	418,011
14.231	Emergency Shelter Grant	128,690

## SUMMARY OF PRIOR AUDIT FINDINGS



JEFFERSON COUNTY  
SUMMARY OF PRIOR AUDIT FINDINGS

For The Fiscal Year Ended June 30, 2002

Findings - Financial Statement Audit

Reportable Conditions

2001 - FINDING NO. 1 - Federal Grants Should Be More Closely Monitored

A significant federal grant (Healthy Start) did not comply with certain key federal laws and regulations. Entities who receive federal grants should effectively monitor them to insure that the funds are spent in accordance with federal laws and regulations. Noncompliance could ultimately cause the grants to be reduced, eliminated or refunded. Management should assess their grant monitoring process to insure that key provisions of laws and regulations are met. Management has introduced a compliance checklist and conducted training classes in order to improve this area.

2001 - FINDING NO. 2 - The Internal Audit Function Should Be Expanded

During the fiscal year ended June 30, 2001, the Controller performed internal audit functions in addition to his ongoing accounting department responsibilities. As of the second quarter of the fiscal year-ending June 30, 2002, the Controller was named Fiscal Court's Internal Audit Manager and no longer has day-to-day accounting department responsibilities. In July 2002, the Internal Audit Manager, who currently reports to the Chief Financial Officer, will begin reporting to the Judge Executive, pending Fiscal Court approval. One of the key tenets of an effective control function is independence from day-to-day accounting operations. As such, we do not believe an effective internal audit function existed during the period we audited. The size and complexity of Fiscal Court's operations warrant the establishment of an internal audit position apart from accounting duties. The person or persons in this function should constantly evaluate and suggest improvements to internal controls in order to prevent issues from arising. During the fiscal year ended June 30, 2000, and to some degree during the year ended June 30, 2001, the Controller of Fiscal Court performed certain internal reviews and assessments of various aspects of certain departments. This was a positive step in the right direction; however, these activities, in our opinion, did not constitute a true internal audit function. Fiscal Court should implement an internal audit function capable of ongoing analysis and constant internal controls enhancement.

Findings - Major Federal Programs Audit

2001 - FINDING NO. 3 - Payroll Allocations

The following conditions were noted:

- Employees completed an employee time distribution report (ETDR) in order to allocate their time to the various programs on which they worked. However, no summary reports were generated based on the ETDRs until February 2001. Even then, summary reports were prepared only for that point forward.
- For February 2001 and subsequent months, we were not able to agree ETDR information to the summary reports.

JEFFERSON COUNTY  
SUMMARY OF PRIOR AUDIT FINDINGS  
For The Fiscal Year Ended June 30, 2002  
(Continued)

2001 - FINDING NO. 3 - Payroll Allocations (Continued)

US Office of Management and Budget (OMB) Circular A-87, Cost Principles for State, Local, and Indian Tribal Governments, and the OMB Common Rule, Uniform Administrative Requirements for Grants and Cooperative Agreements to State and Local Governments, both discuss the need for amounts allocated to federal grants to be supported by underlying records and to be done so in a consistent, reasonable manner. Payroll expenditures allocated to grants may be misstated. Management of the Healthy Start program should implement procedures to ensure that employee payroll is properly allocated to each grant and that records are maintained to support such allocations.

2001 - FINDING NO. 4 - Payroll Expense Does Not Appear To Be Properly Allocated

The cost allocation plan utilized to distribute payroll expense to the various grants managed by the Jefferson County Health Department does not appear to allocate this expense properly. U.S. Office of Management and Budget (OMB) Circular A-87, Cost Principles for State, Local, and Indian Tribal Governments, and the OMB Common Rule, Uniform Administrative Requirements for Grants and Cooperative Agreements to State and Local Governments, both discuss the need for amounts allocated to federal grants to be supported by underlying records and to be done so in a consistent, reasonable manner. Payroll expense allocated to various grants may be misstated. Management of the Healthy Start program should implement procedures to ensure that employee payroll is properly allocated to each grant and that records are maintained to support such allocations.

2001 - FINDING NO. 5 - Time Spent By Employees On Other Matters Was Apparently Charged To The Healthy Start Grant

Last year, other auditors conducted selected interviews with Fiscal Court Health Department employees. Several employees verbally disclosed that they charged their time to the Healthy Start Program when they were working on other matters. This year, we conducted several similar random interviews and found this to still be the case. Management reported that they met with all Healthy Start employees during the year and instructed them to only allocate hours actually worked in the Healthy Start program to that program. Payroll may not be properly allocated to the applicable grant. Management of the Healthy Start program should instruct employees to charge their time to the program in which they work. An internal monitoring system should be put in place to insure compliance.

2001 - FINDING NO. 6 - Subrecipients Not Monitored

Management of the Healthy Start program apparently performed no monitoring activities to ensure that any subrecipients were acting in accordance with Federal requirements and Jefferson County policy. According to OMB Circular A-133, "pass through entity is responsible for...monitoring the subrecipient's activities to provide reasonable assurance that the subrecipient administers federal awards in compliance with Federal requirements." Subrecipients may not be performing in accordance with Federal requirements. Management of the Healthy Start program should implement a program to monitor subrecipient's activities.

JEFFERSON COUNTY  
SUMMARY OF PRIOR AUDIT FINDINGS  
For The Fiscal Year Ended June 30, 2002  
(Continued)

2001 - FINDING NO. 7 - Reports Were Not Submitted Timely

Healthy Start has not submitted its financial reports on a timely basis. Report due dates are determined by the grantor agency and listed in the grant documents. These dates are contractual requirements of the grantee. Healthy Start must meet its requirements in order to ensure that its grant is continued. Healthy Start should file all required reports on a timely basis.

2001 - FINDING NO. 8 - Recordkeeping and Documentation Could Be Improved

In connection with our audit of the Byrne Formula Grant Program, we noted the following with respect to certain records:

- The documentation on file (in Fiscal Court's Accounts Payable Department) for certain expenditures was not complete. It took several attempts by the client to gather the proper documentation.
- Program disbursements are made by Fiscal Court and then submitted for reimbursement through either the City of Louisville or the State of Kentucky, who must approve it. We noted that a number of program related disbursements are subsequently not allowed.

US Office of Management and Budget (OMB) Circular A-87, Cost Principles for State, Local, and Indian Tribal Governments, and the OMB Common Rule, Uniform Administrative Requirements for Grants and Cooperative Agreements to State and Local Governments, both discuss the need for amounts allocated to federal grants to be supported by underlying records and to be done so in a consistent, reasonable manner. Amounts may be expended which are not properly allowable costs. Documentation for disbursements should be consistent, complete and organized. Such documentation should provide clear evidence that the disbursement is proper and in accordance with program rules and regulations. Additionally, management should consider pre-approval procedures before funds are expended to ensure that the expenditure is in accordance with program guidelines.